

IN THE CHANCERY COURT FOR LEWIS COUNTY  
AT HOHENWALD, TENNESSEE

IN RE:

SENTINEL TRUST COMPANY

No. 4781

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**COMMISSIONER-IN-POSSESSION'S PETITION FOR APPROVAL OF  
DECEMBER BOND PAYMENTS**

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The Commissioner of the Tennessee Department of Financial Institutions, as Commissioner-in-possession of Sentinel Trust Company ("Sentinel"), by and through his counsel of record, the Attorney General and Reporter, hereby petitions this Court for approval of payment of the December 2004 bond payments as set forth herein.

1. Sentinel Trust Company ("Sentinel") is a Tennessee corporation, located in Hohenwald, Lewis County, Tennessee, engaged in fiduciary activities and subject to regulation by the Commissioner under the Tennessee Banking Act pursuant to Tenn. Code Ann. § 45-1-124.

2. On May 18, 2004, the Commissioner of the Tennessee Department of Financial Institutions ("Commissioner") took emergency possession of Sentinel pursuant to Tenn. Code Ann. §§ 45-2-1502(b)(2) and (c)(1). Subsequently, on June 18, 2004, the Commissioner issued a Notice of Liquidation of Sentinel Trust Company in accordance with the provisions of Tenn. Code Ann. §§ 45-2-1502(c)(2) and 1504.

3. Tenn. Code Ann. § 45-2-1504(a)(3) provides that

[i]n liquidating a state bank, the commissioner may exercise any power of the office of commissioner, but shall not, without the approval of the court, in which notice of possession has been filed; . . . [m]ake any payment on any claim, other than a claim upon an obligation incurred by the commissioner, before preparing and filing a schedule of the commissioner's determinations in accordance with this chapter.

4. Sentinel Trust serves as the registrar and paying and /or escrow agent on approximately 99 municipal bond issues. Twenty-one of these bond issues have interest and/or principal payments due December 1, 2004. The Commissioner has determined that the entirety of the funding necessary for the December 1 payments is still due from the issuers for all but three of these bonds issues.<sup>1</sup> Assuming that these monies are timely received, then the Commissioner will be able to make the December 1 payments for these municipal bond issues in full without having to use any funds from the pooled fiduciary account.

5. With respect to the three bond issues, the Commissioner has determined that a portion of the funding necessary to make the December 1 interest and/or principal payment is still due from the issuer.<sup>2</sup> However, the Commissioner has also determined that there is \$202,041.25 in principal and interest due from U.S. Treasury SLGS on December 1, 2004, that were held in escrow for the benefit of the two Benton County School bond issues. The Commissioner has also determined that there is a \$4,911,000.00 U.S. Treasury Strip held in an escrow account by Sentinel for the benefit of the Wayne County School Bonds, Series 2000, which matures on November 15, 2004. Assuming that the remaining funds are timely received from the issuer, along with the proceeds from the U.S. Treasury SLGS and Treasury Strip, the

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<sup>1</sup>See Schedule of October 1, 2004 bond payments attached hereto and incorporated herein by this reference.

<sup>2</sup>*Id.*

Commissioner will also be able to make the December 1 payments for these municipal bond issues in full without having to use any funds from the pooled fiduciary account.

6. As such, pursuant to Tenn. Code Ann. § 45-2-1504(a)(3), the Commissioner hereby requests this Court's approval to pay the December 1, 2004 payment on these bond issues, as such payments will not require the use of any of the funds in the pooled fiduciary account.

7. Additionally, there is one municipal bond issue, Wayne County, TN School Bonds Series 1999, which has an optional redemption date of December 1, 2004. Again, the Commissioner has determined that the \$4,911,000 U.S. Treasury Strip referenced in the previous paragraph, was also held for the benefit of this bond issue. Pursuant to the terms of the optional redemption provision, the proceeds of this fiduciary asset are to be paid to the bondholders, with any deficiency supplied by the municipal issuer, on December 1, 2004. This payment will also not require the Commissioner to use any of the funds from the pooled fiduciary account. Accordingly, the Commissioner requests approval to make the December 1, 2004 redemption payments on this bond.

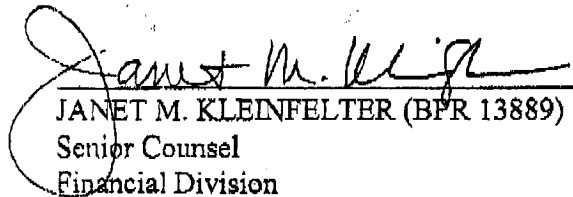
8. Sentinel Trust also serves as the Indenture Trustee on a number of "corporate" bonds. Three of these bond issues have interest payments due on December 1, 2004. Sentinel's records reflect, as set forth in the attached schedule, that the entirety of the funds are still due from all of these bond issuers.<sup>3</sup> Accordingly, the Commissioner requests this Court's approval, pursuant to Tenn. Code Ann. § 45-2-1504(a)(3), to make the payments on these bond issues, but only to the extent of the funds received from the issuers.

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<sup>3</sup>*Id.*

Respectfully submitted,

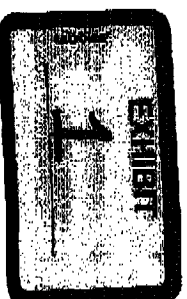
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**THIS MOTION IS SET TO BE HEARD ON THE COURT'S REGULAR  
MOTION DOCKET ON MONDAY, NOVEMBER 15, 2004 AT 9:00 A.M. IN  
HOHENWALD, LEWIS COUNTY, TENNESSEE.**

# **BOND ISSUES DUE FOR A DECEMBER 2004 GENERAL INTEREST AND/OR OPTIONAL REDEMPTION PAYMENT**

<u>Number of Issues</u>	<u>Bond #</u>	<u>Adjusted Sinking Date</u>	<u>Description</u>	<u>Currency</u>	<u>Next Principal Date</u>	<u>Amount</u>	<u>Next Interest Interest Due</u>	<u>Amount</u>	<u>Total Due</u>	<u>Source of Funding</u>
<b>CORPORATE ISSUES</b>										
1	74	\$5,748.34	The Health and Education Facilities Board of the County of Carroll, TN First Mortgage Revenue Bonds (Carriage Crossing, L.L.C. Project), Series 1996 A & B	T.R.P/A	12/1/2004	\$45,000.00	12/1/2004	\$137,518.75	\$182,518.75	Debtor
2	147	\$121,873.56	The Health, Educational and Housing Facility Board of the City of Chattanooga, TN Tax Exempt Revenue Bonds, (Parkway/Village Project), Series 1998 A & B	T.R.P/A	12/1/2004	\$46,000.00	12/1/2004	\$98,506.25	\$128,506.25	Debtor
3	168	\$109,580.82	City of Hixson, KS HealthCare Facilities Revenue Bonds, (Maple Heights Nursing and Rehabilitation Center Project), Series 1988 A & B	T.R.P/A	6/1/2005		12/1/2004	\$78,737.50	\$78,737.50	Debtor
<b>\$236,809.72</b>						<b>\$95,000.00</b>		<b>\$104,762.50</b>	<b>\$199,762.50</b>	
<b>MUNICIPAL ISSUES</b>										
1	180	\$0.00	Benton County, TN Electric System Revenue Bonds, Series 2000	R.P/A	12/1/2004	\$35,000.00	12/1/2004	\$22,704.38	\$57,704.38	Municipality
2	73	\$0.00	Benton County, TN School Bonds, Series 1998	R.P/A	12/1/2004	\$230,000.00	12/1/2004	\$175,302.40	\$405,302.40	\$145,337.50 due from Deutsche Bank, Chase Branch, KS; balance of \$259,964.90 due from Municipality
3	118	\$0.00	Benton County, TN School Bonds, Series 1998	R.P/A	12/1/2004	\$175,000.00	12/1/2004	\$70,112.50	\$185,112.50	\$56,753.75 due from Deutsche Bank, Chase Branch, MS; balance of \$128,408.75 due from Municipality
4	225	\$200.32	Benton County, TN School Refunding Bonds, Series 2003	R.P/A	12/1/2004	\$90,000.00	12/1/2004	\$156,342.50	\$246,342.50	Municipality
5	206	\$0.00	City of Clinton, TN Water, Sewer and Gas Revenue and Tax Refunding and Improvement	R.P/A	6/1/2005		12/1/2004	\$18,287.50	\$18,287.50	Municipality
6	229	\$34,309.89	Harrisville Utility District of Scott County, TN, Waterworks Revenue Refunding Bonds.	R.P/A	12/1/2004	\$125,000.00	12/1/2004	\$41,553.13	\$166,553.13	Municipality
7	205	\$0.00	Lamar County, TN General Obligation Capital Outlay Notes, Series 2002	R.P/A	6/1/2005		12/1/2004	\$28,733.75	\$28,733.75	Municipality
8	189	\$127.50	Lewis County, TN General Obligation Capital Outlay Notes, Series 2001	R.P/A	6/1/2005		12/1/2004	\$15,295.00	\$15,295.00	Municipality
9	211	\$200.00	Marshall County, TN General Obligation Capital Outlay Notes, Series 2002	R.P/A	12/1/2004	\$195,000.00	12/1/2004	\$42,094.00	\$237,094.00	Municipality
10	182	\$0.00	Marshall County, TN School Bonds, Series 2000	R.P/A	12/1/2004	\$100,000.00	12/1/2004	\$196,459.38	\$296,459.38	Municipality



**BOND ISSUES DUE FOR A DECEMBER 2004 PRINCIPAL INTEREST AND/OR OPTIONAL REDEMPTION PAYMENT**

<u>Number of Issues</u>	<u>Serials</u>	<u>Adjusted Serials</u> <u>07/02/2004</u> <u>Balance</u>	<u>Description</u>	<u>Consent</u>	<u>Maturity</u> <u>Principal Due</u>	<u>Amount</u>	<u>Maturity</u> <u>Interest Due</u>	<u>Amount</u>	<u>Total Due</u>	<u>Source of Funds</u>
<b>Municipal Issues (continued)</b>										
11	183	\$0.00	Marshall County, TN School Bonds, Series 2001	R, P/A	12/1/2004	\$110,000.00	12/1/2004	\$125,550.00	\$235,550.00	Municipality
12	212	-\$500.00	City of Franklin, TN Water, Sewer and Gas Revenue and Tax Refundings and Improvement Bonds, Series 2002	R, P/A	12/1/2004	\$115,000.00	12/1/2004	\$31,571.50	\$146,571.50	Municipality
13	144	\$485.80	Pyper Grove Utility District of Tipton County, TN Gas System Revenue Refunding Bonds, Series 1986 A	R, P/A	12/1/2004	\$255,000.00	12/1/2004	\$50,577.50	\$305,577.50	Municipality
14	179	\$0.00	Richard Day and Depledge Independent School District, Marion County, TN School Bonds, Series 2000	R, P/A	4/1/2005		12/1/2004	\$47,246.88	\$47,246.88	Municipality
15	145	\$0.00	Stewart County, TN School Bonds, Series 1988	R, P/A	12/1/2004	\$235,000.00	12/1/2004	\$14,153.75	\$249,153.75	Municipality
16	149	\$0.00	Stewart County, TN School Bonds, Series 1988	R, P/A	12/1/2004	\$40,000.00	12/1/2004	\$2,503.75	\$42,503.75	Municipality
17	102	\$0.00	Stewart County, TN School Bonds, Series 1998	R, P/A	6/1/2005		12/1/2004	\$82,128.75	\$82,128.75	Municipality
18	115	\$0.00	Wayne County, TN Board of Education Capital Outlay Notes, Series 1993	R, P/A	6/15/2005		12/1/2004	\$718.75	\$718.75	Municipality
19	225	\$0.00	Wayne County, TN School Refunding, Series 2003	R, P/A	12/1/2004	\$50,000.00	12/1/2004	\$175,451.00	\$225,451.00	Municipality
20	173	\$0.00	Wayne County, TN Series School Bonds, Series 2000	R, P/A	12/1/2004	\$180,000.00	12/1/2004	\$162,050.00	\$342,050.00	\$4,805,578.25 from netting asset held in escrow. \$237,140 due from municipality
21	161	\$0.00	Wayne County, TN School bonds, Series 2000A	R, P/A	12/1/2004	\$75,000.00	12/1/2004	\$68,962.50	\$141,962.50	Municipality
24		\$72,948.30	<b>TOTAL MUNICIPAL ISSUES</b>			<b>\$1,550,000.00</b>		<b>\$1,536,274.32</b>	<b>\$3,086,274.32</b>	
<b>Mandatory and/or Optional Municipal Refundings</b>										
1	154	\$0.00	Wayne County, TN School bonds, Series 1999	R, P/A	12/1/2004	\$4,957,100.00	12/1/2004	\$182,048.75	\$5,139,148.75	\$4,805,578.25 from netting asset held in escrow. \$333,570.50 due from municipality.
1			<b>TOTAL</b>			<b>\$4,957,100.00</b>		<b>\$182,048.75</b>	<b>\$5,139,148.75</b>	

**BOND ISSUES DUE FOR A DECEMBER 2004 PRINCIPAL, INTEREST AND/OR OPTIONAL REDEMPTION PAYMENT**

**SUMMARY**

\$226,809.72	Adjusted amount in Suretrust Pooled Fund since 5-18-2004 for Corporate Issues.
\$0.00	Funds on deposit post May 18, 2004 to pay December 1, 2004 Corporate debt service.
\$0.00	Funds from maturity of Treasury assets to pay December 1, 2004 Corporate debt service.
\$398,762.54	Funds Due from Lender and due to be paid December 1, 2004 for Corporate debt service.
\$398,762.50	Total due to be paid December 1, 2004 for Corporate Issues.
\$12,399.20	Adjusted amount in SanTrist Pooled Fund since 5-18-2004 for Municipal Issues.
\$0.00	Funds on deposit post May 18, 2004 to pay December 1, 2004 Municipal debt service.
\$397,351.25	Funds from maturity of and/or interest on Treasury assets to pay December 2004 Municipal debt service.
\$2,198,823.67	Amount Due from Municipality to pay December 1, 2004 Municipal debt service.
\$4,884,878.25	Funds from maturity of Treasury assets to pay December 2004 Mandatory or Optional Redemptions.
\$333,512.80	Amount Due from Municipality to pay December 1, 2004 Mandatory or Optional Redemptions.
\$2,836,463.67	Total due to be paid December 1, 2004 for Municipal debt service and/or Mandatory or Optional Redemptions.
\$9,028,226.17	<b>TOTAL DUE TO BE PAID DECEMBER 1, 2004 FOR CORPORATE AND MUNICIPAL DEBT SERVICE.</b>
\$718.75	<b>TOTAL DUE FROM MUNICIPALITY AND TO BE PAID DECEMBER 15, 2004 FOR MUNICIPAL DEBT SERVICE.</b>

CODE: T= TRUSTEE R= REGISTRAR PA= PAYING AGENT EA= ESCROW AGENT